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Thursday
6 November 1980

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Contents

25X1

Situation Reports

Iraq-Iran	1
Poland.	3

Briefs and Comments

USSR: <i>Energy Plan for 1981</i>	6
Saudi Arabia: <i>Potential Shia Disturbances.</i>	7
USSR: <i>Jewish Emigration.</i>	8
Yugoslavia-China: <i>Visit by Yugoslav Premier.</i>	8

Special Analysis

France: <i>The Political Scene.</i>	9
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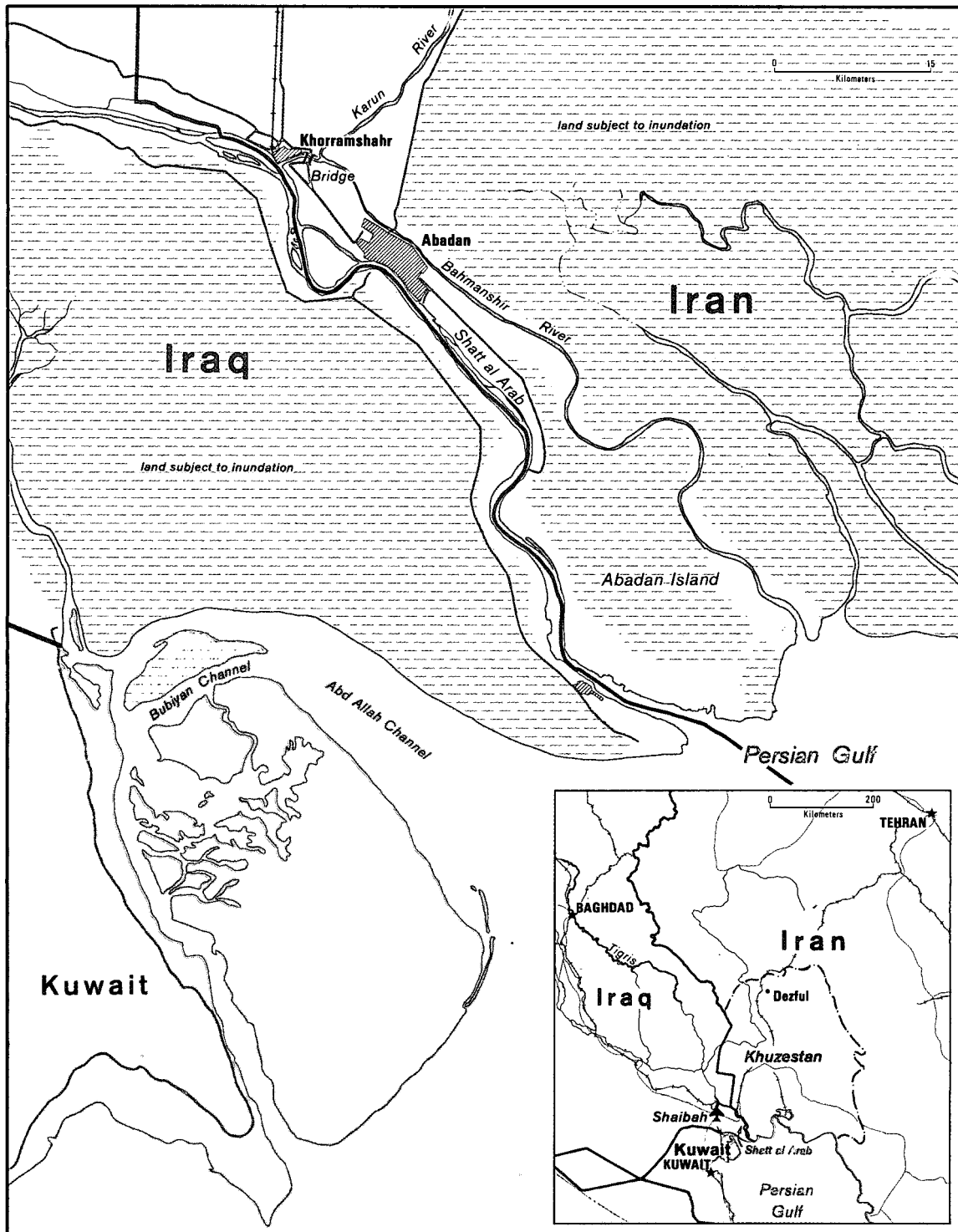


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6 November 1980

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SITUATION REPORTS

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IRAQ-IRAN

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Recriminations over the war may have begun in Baghdad.

Iraqi officers reportedly have begun voicing discontent over political constraints on military operations, particularly those caused by orders to avoid heavy casualties. [redacted]

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Iraqi officers involved in operations along the Shatt al Arab have complained that this restriction has needlessly prolonged the effort to clear Khorramshahr and Abadan of Iranian defenders. The officers estimate it may take another month to completely occupy Abadan. [redacted]

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Senior officers [redacted] also are complaining that the military was not consulted prior to the decision to attack Iran. They argue, moreover, that the lack of clear military objectives has left Baghdad's forces bogged down in a war of attrition. Military leaders also have used the opportunity presented by the war to reinstate competent officers previously purged because of questionable political loyalty. [redacted]

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The political constraints probably are responsible for Baghdad's failure to press its campaign in Khuzestan to a successful conclusion. Despite overwhelming superiority on the ground and no apparent shortage of supplies, Iraqi units essentially occupy the same positions they seized during the first two weeks in the war. In many cases Iraqi forces are opposed by only token Iranian armored forces. Even in Khorramshahr, where the heaviest fighting has taken place, the Iraqis have been reluctant to storm Iranian positions, preferring instead to wear down resistance through artillery fire. [redacted]

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The Iraqi failure to cut the road and rail lines at Dezful and to clear other cities rapidly has given the Iranians time to regroup and to bring in reinforcements.

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6 November 1980

25X1

Top Secret

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In the long term these failures may cost Baghdad's forces more casualties than they would have suffered through aggressive military action at the outset. [REDACTED]

Criticism of the civilian leadership's role in directing the Iraqi war effort reflects longstanding tension between the Baath Party and the military. We have no hard evidence that military discontent with Saddam's leadership has led to plotting, but the Iraqi military is the only institution capable of posing a serious challenge to Baathist rule. Iraqi security officials are aware of the potential threat and are probably monitoring the military closely. [REDACTED]

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Iranians Reject Cease-fire

Ayatollah Khomeini yesterday rejected the "peace offer" made by Saddam in his recent speech and said there can be "no compromise" with the "infidels." Khomeini again called for the overthrow of Saddam's government. [REDACTED]

Earlier this week Prime Minister Rajai reiterated the Iranian position that Iraq must withdraw to its pre-war border before negotiations on the war could be held. Rajai indicated that Iran might then be willing to discuss all issues of concern to Iraq--sovereignty over the Shatt al Arab, other territorial demands, and nonintervention in each other's internal affairs--but hinted that he would oppose direct talks with Baghdad, preferring instead either nonaligned or Islamic mediation. [REDACTED]

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POLAND

The regime has reacted to the trade union leaders' threat of another strike by attempting to convince the union that more is to be gained from cooperation than by threats and to persuade workers that a strike would only add to Poland's economic difficulties.

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In an unusual press conference held after a Politburo meeting on Tuesday, Secretariat and Politburo member Barcikowski said there now exists a "conception" of a "permanent form of contact" between the government and the new union. A government spokesman, reviewing the results of last Friday's long meeting between Premier Pinkowski and Solidarity leaders, said the union has "more proof" the government wants "to create conditions" for a businesslike partnership. Pinkowski reportedly told the Politburo that a friendly dialogue with the union is necessary.

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Major themes advanced by government spokesmen are that the Polish party and government are being reasonable and are doing their best to implement the agreements signed in late August, and that another strike would only add to the people's problems.

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By calling for a dialogue with Solidarity, the regime presumably hopes to strengthen the hands of moderates in Solidarity like Lech Walesa, who wants to use strikes only as a last resort. The government's "reasonable" approach is also intended to split the workers from the union leaders. It is doubtful, however, that the regime will have much success in the short term. Unless the Supreme Court overrules the lower court's decision, strikes are very likely to begin next Wednesday.

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Alleged Underground Resistance Groups

A Polish journalist told an Embassy officer and a US journalist that most Polish military units would resist a Soviet invasion and that underground resistance units have been formed within the past few weeks. He said arms have been cached and plans drawn up to destroy rail lines and bridges the Soviets would have to use in

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6 November 1980

25X1

Top Secret

an invasion. A similar story has appeared in a French newspaper, which also reported that trade union leaders in Warsaw have prepared a resistance plan in the event of a military coup. [REDACTED]

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We agree with the US Embassy in Warsaw that the existence of such reports could contribute to the destabilizing of Poland and reinforce the views of any Soviet leaders who favor intervention. The reports will also make it more difficult for the Polish leaders to convince the Soviets that they can restore control if given more time. [REDACTED]

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6 November 1980

Top Secret

25X1

Romania's Concerns

The foreign editor of a prominent Romanian newspaper commented privately last week that "challenges" brought by Solidarity represent a threat to all the Warsaw Pact regimes. His remarks suggest that concern is growing in Bucharest over the dangers posed to the authority of Ceausescu's government by the continuing crisis in Poland and over the possibility that the Soviets may be planning to intervene in the near future. [REDACTED]

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The editor, presumably speaking on behalf of the government, told the US Ambassador that some of Solidarity's demands and actions went far beyond the limits of "socialist" conduct. He cautioned that the Poles were "dangerously close" to a situation where their Warsaw Pact allies might feel threatened by their acts. [REDACTED]

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The Romanian noted that Ceausescu's recent criticisms of Warsaw's handling of its labor problems were intended in part to warn the Romanian populace that the establishment of "competing" organizations in Romania would not be tolerated. Ceausescu, however, also wanted to convey Bucharest's view that while Poland should be allowed to solve its own problems without outside interference, the Poles themselves must take the necessary actions to remove the pretext for intervention. [REDACTED]

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6 November 1980

USSR: Energy Production

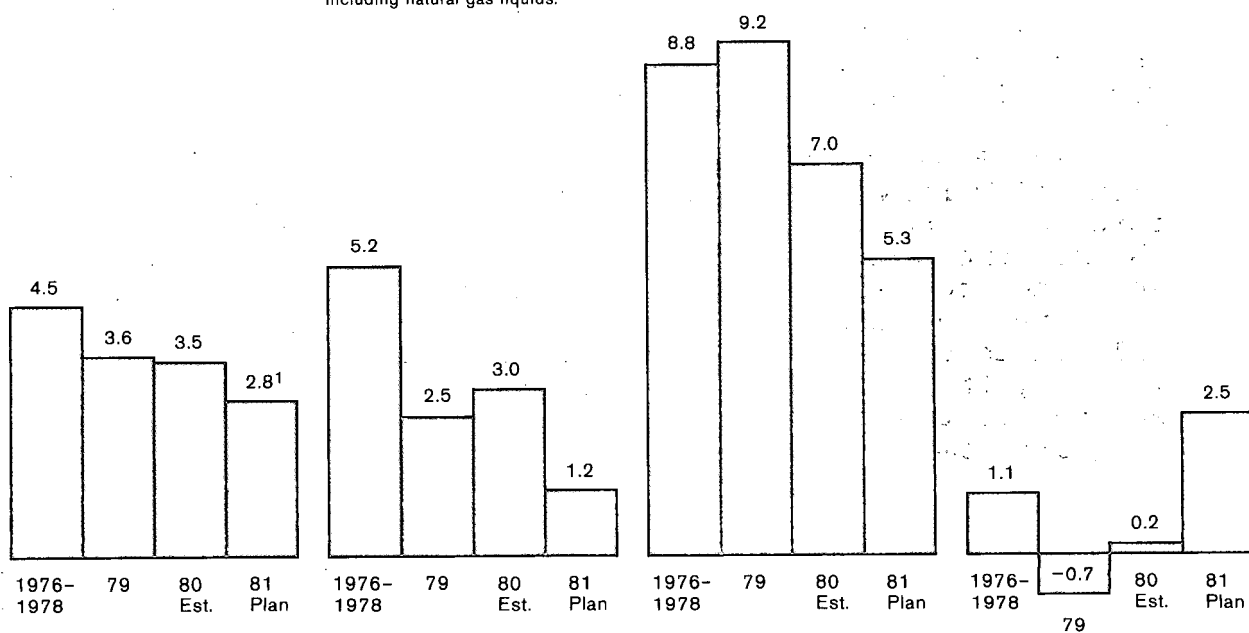
Average Annual Percent Change

Primary Energy

Oil
Including natural gas liquids.

Natural Gas

Coal



¹ Estimated data for nuclear, hydro power, peat, shale, and firewood.

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BRIEFS AND COMMENTS

USSR: Energy Plan For 1981

Sharply reduced growth of energy production in the economic plan for 1981 reinforces the impression of a problem-ridden economy.

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Growth in primary energy production is planned at less than half the annual rate in the 1976-80 plan. This reduced growth is reflected in the targets for most major energy sectors.

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The increase of only 1.2 percent set for oil production may suggest that output is leveling off after eight years of declining rates of growth. Meeting even this target will require development of new oilfields in remote Siberian areas and substantially more equipment for more intensive production in old oilfields.

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Production of natural gas, which accounts for about 40 percent of the scheduled increase in total energy output, is projected to grow 5.3 percent, compared with the 8.5 percent average annual increase achieved during 1976-80. Difficulties in expanding the capacity of the huge Urengoy field and in constructing pipelines will tend to slow West Siberian production. Gas extraction in other areas will continue to decline.

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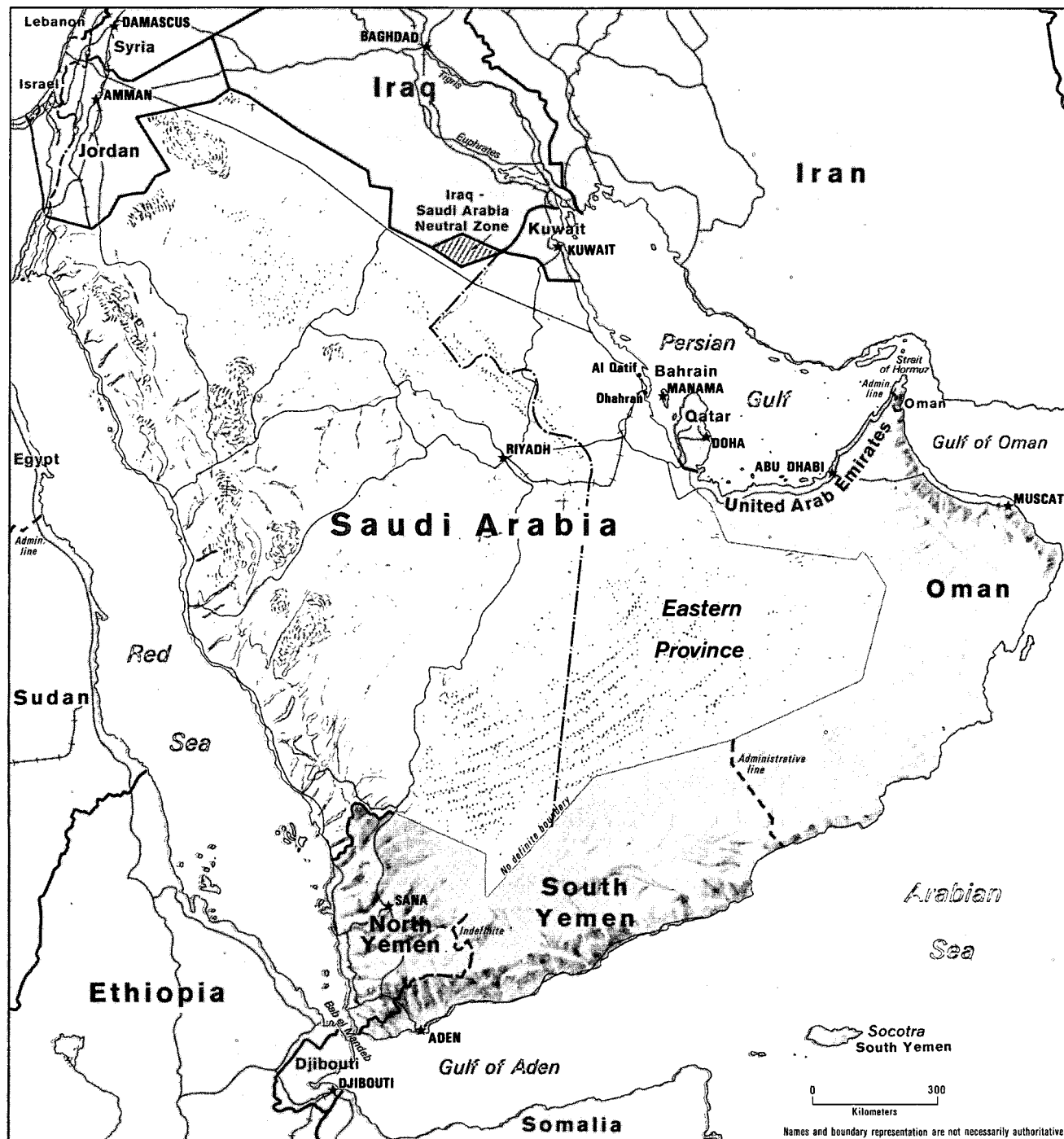
Coal production is planned to grow 2.5 percent in 1981. Actual growth, however, is unlikely to exceed the 0.5 percent annual increases of 1976-80. Output apparently will decline in the Donets Basin, which provides about 30 percent of total coal production. Major new production in Kazakhstan and Siberia probably will not occur before the mid to late 1980s.

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6 November 1980



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SAUDI ARABIA: Potential Shia Disturbances

There is a good chance that violent demonstrations will occur in some Shia townships of Saudi Arabia's oil-rich Eastern Province during Ashura, the Shia religious holiday on 18 November.

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The American Consul in Dhahran reports that many Shia Muslims probably will take to the streets on Ashura to demonstrate against religious and economic discrimination and against Saudi support for Iraq. These demonstrations could turn violent if Saudi security forces try to suppress them or if local agitators succeed in inciting mob violence.

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The Consul believes that Saudi officials will be able to contain any disturbances and that neither the American community nor the oil facilities are in danger.

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Riyadh has initiated some public works projects to placate the Shias, but these have had only a limited impact on the largest and most volatile element of the Shia community--the youth. The recent crackdown on local dissidents may have created martyrs for the young and increased general Shia disaffection.

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This disaffection has not yet spread in any significant way among Shia workers in the oilfields, who now make up about 80 percent of the Saudi portion of the labor force. Many Shias have benefited from Aramco's nondiscriminatory hiring practices and evidently continue to make a distinction between the Saudi Government and Aramco. Shia employees presumably also realize that sabotaging the oil facilities would only undermine their own economic well-being.

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6 November 1980

Top Secret

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USSR: Jewish Emigration

On the eve of the Conference on Security and Cooperation in Europe, Jewish emigration from the USSR has dropped sharply following a slight recovery after the Olympics. According to the US Embassy, only 952 visas were issued to Jews in October--a 44-percent decrease from the total in September. A new tactic to hinder emigration also has been reported. Many Jewish families claim that they have been forced to remain in the USSR for an extended period after receiving their exit permits because the authorities have withheld the additional documents necessary for departure. [REDACTED]

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YUGOSLAVIA-CHINA: Visit by Yugoslav Premier

Yugoslav Premier Djuranovic begins a four-day official visit to Beijing today. His discussions with Chinese leaders are likely to focus on ways to improve bilateral trade, which has fallen far below planned levels in the past two years. Although figures for 1980 show some improvement, trade is not likely to reach agreed goals. The Chinese are interested in the Yugoslav system of self-management for possible application to their own economy. The two sides also will consider developments in Southeast Asia, particularly Kampuchea, and in the Iran-Iraq conflict. [REDACTED]

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Djuranovic made a brief stop in Moscow yesterday. Yugoslavia and the USSR recently have taken steps to improve relations, and Djuranovic will avoid statements in China that will add to the Soviets' irritation at his visit. [REDACTED]

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SPECIAL ANALYSIS

FRANCE: The Political Scene

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Socialists and Gaullists are struggling among themselves to select candidates for the presidential election next spring. The two most likely candidates--Socialist Francois Mitterrand and Gaullist Jacques Chirac--are still gauging the strength of their party opponents and weighing the consequences of possible defeat against those of conceding their parties' nominations. President Giscard is expected to announce his candidacy formally in January; in the interim, he will exploit his incumbency and the party turmoil and indecision troubling his principal challengers.

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The struggle among the Socialists intensified when Michel Rocard formally placed his own name in contention without waiting for a local party nomination. Party leader Mitterrand, angry at his opponent's move, stepped up his own precampaign activity, but it is still not clear whether he will run. Mitterrand fears another loss and being tagged as a perennial loser, but wants to dominate Socialist Party politics after the election.

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Mitterrand's maneuvers to delay designating the Socialist Party candidate until January have bought him some time to make up his mind while holding Rocard at bay. He is now concentrating on narrowing the gap between himself and Rocard on substantive issues, which should make it easier for the eventual nominee to rally the party behind him. Meanwhile, Mitterrand will use his political allies and his control of the party apparatus to counter Rocard's support among party activists.

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Communist Dilemmas

While the Socialists sort out their problems, they are being challenged by the Communist Party. Since being designated last month as the party candidate, George Marchais has been working to convince party members that the Socialists, rather than Giscard, are the real enemy.

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Communist leaders believe cooperation with the Socialists has hurt them, and they refuse to improve relations with the Socialists until they can swing the balance of power within the left to themselves. Although Communist leaders hope to undercut the Socialists in the election, they want to hold open the possibility of cooperation with a weakened Socialist Party in a future coalition. [redacted]

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Having chosen this course, the Communist leadership must persuade party supporters not to transfer their votes to the Socialist candidate in the second round. This may prove particularly difficult in a close race where Communist voters may prefer to back the leftist candidate rather than sit by and allow Giscard to be reelected with ease. If large numbers of Communist supporters do switch to the Socialist candidate in the second round, it would be a serious blow to Communist strategy. [redacted]

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The Gaullists' Prospects

The Gaullist Party remains divided between Michel Debre, who claims to be General de Gaulle's political heir, and Jacques Chirac, the party's nominal head, who has the backing of the party apparatus. Chirac is acting like a candidate, but, like Mitterrand, he is concealing his intentions for as long as possible. If he concludes that Giscard is unbeatable, Chirac may allow Debre to run against the President. [redacted]

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Even if Chirac and Debre agree on who will represent the Gaullists, they may be challenged by Marie-France Garaud, who worked closely with the late President Pompidou. She lacks a solid base within the party, but she is highly respected for her political ability, and some Gaullists may find her an attractive alternative. [redacted]

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Giscard's Tactics

Giscard wants to improve on his performance in 1974 when he defeated Mitterrand by less than 700,000 votes. To do this, he will try to maintain Gaullist support and attract new votes from the fringes of the Socialist party. [redacted]

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6 November 1980

Top Secret

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The continuing competition within the Socialist and Gaullist parties probably plays into Giscard's hands. By postponing his announcement until January, he reduces the time others can campaign against him and gives them more time to fight among themselves.

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Giscard will use the powers of his office to take his own message to the people and will emphasize foreign and defense policy, the President's strong suit. Although he will sidestep economic matters, because of high unemployment and inflation, recent surveys indicate that many voters are confident of his ability to handle these issues.

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Despite these encouraging signs, Giscard's advisers probably worry that additional terrorism and acts of antisemitism could undercut the President and raise doubts about his competence. Confirmation of rumored links between the recent antisemitism and Middle East terrorists, moreover, could set off a difficult and divisive debate over policy toward the Middle East.

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